
Aetna-Goldale
Investments Limited

Annual Report — 1972

Aetna-Goldale Investments Limited

(Incorporated under the laws of British Columbia)

Officers and directors

K. A. Roberts President and Director

J. B. L. Thomas Vice-President Finance, Treasurer and Director

C. F. Watson Vice-President and Director

R. A. C. Douglas Secretary and Director

P. C. Finlay, Q.C. Director

S. A. Senn, C.A. Comptroller

Solicitors

Douglas, Symes & Brissenden, Vancouver, B.C.

EXECUTIVE OFFICES

2400 Bank of Nova Scotia Building
44 King Street West
Toronto, Ontario M5H 1E2

1104 Royal Trust Tower
Toronto-Dominion Centre
Toronto, Ontario M5K 1H6

REGISTERED OFFICE

409 Granville Street, Vancouver 2, B.C.

AETNA-GOLDALE INVESTMENTS LIMITED
STATEMENT OF CHANGES IN FINANCIAL POSITION

For the Six Months Ended June 30, 1974
(with comparative figures for 1973)
(unaudited)

| Source of Funds: | <u>1974</u> | <u>1973</u> |
|---|-------------------|--------------------|
| Interest and other income | \$ 193,000 | \$ 93,000 |
| Decrease in investment in joint realty developments | 182,000 | 54,000 |
| Increase (decrease) in accounts payable | 4,000 | (131,000) |
| Decrease in mortgages and notes receivable | — | 624,000 |
| Decrease in real estate held for development | — | 1,601,000 |
| | <u>\$ 379,000</u> | <u>\$2,241,000</u> |
| | | |
| Use of Funds: | | |
| Operating expenses | \$ 9,000 | \$ 4,000 |
| Increase in bank deposit receipts (net) | 244,000 | 445,000 |
| Increase in accounts receivable | 119,000 | 10,000 |
| Decrease in income taxes payable | 7,000 | 381,000 |
| Repayment of advances from parent company | — | 19,000 |
| Decrease in balance due under purchase agreement | — | 1,382,000 |
| | <u>\$ 379,000</u> | <u>\$2,241,000</u> |

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AETNA-GOLDALE INVESTMENTS LIMITED

TO THE SHAREHOLDERS

Net earnings for the six months period ended June 30, 1974 were \$180,000 or 7c per share compared with \$89,000 or 4c per share for the corresponding period in 1973.

At a Meeting of the Directors of your Company held August 6, 1974 a special dividend in the amount of 55c per share was declared payable August 19, 1974 to shareholders of record August 14, 1974. If you have not yet received your cheque in payment of this dividend you should notify the Canada Permanent Trust Company, 901 West Pender Street, Vancouver, B.C. V6C 1L7.

On behalf of the Board,

K. A. ROBERTS
President

August 19, 1974

STATEMENT OF EARNINGS

For the Six Months Ended June 30, 1974
(with comparative figures for 1973)
(unaudited)

| | 1974 | 1973 |
|--|-------------------|------------------|
| Operating income | \$ 193,000 | \$ 93,000 |
| Less: | | |
| General and administrative expense | 9,000 | 3,000 |
| Interest expense | — | 1,000 |
| | <u>9,000</u> | <u>4,000</u> |
| Earnings before income taxes and extraordinary item | 184,000 | 89,000 |
| Income taxes – current | 92,000 | 43,000 |
| Earnings before extraordinary item | 92,000 | 46,000 |
| Income tax recovery as a result of carry-forward of prior years' losses | 88,000 | 43,000 |
| Earnings for the period | <u>\$ 180,000</u> | <u>\$ 89,000</u> |
| Earnings per share: | | |
| Earnings before extraordinary item | \$ 0.04 | \$ 0.02 |
| Earnings for the period | <u>\$ 0.07</u> | <u>\$ 0.04</u> |

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\$ 4710 / tax
\$ 4700
\$ 21,000

AETNA-GOLDALE INVESTMENTS LIMITED**NOTICE IS HEREBY GIVEN**

That an Annual General Meeting of the Members of AETNA-GOLDALE INVESTMENTS LIMITED will be held in the British Columbia Room, Main Mezzanine, The Royal York Hotel, 100 Front Street West, Toronto, Ontario, on Wednesday, the 28th day of June, 1972, at the hour of 3:00 o'clock in the afternoon, Eastern Daylight Saving Time, for the following purposes:

1. To receive the Report of the Directors of the Company and the Consolidated Financial Statements of the Company for the fiscal period ended December 31, 1971, together with the Auditors' Report thereon.
2. To elect Directors.
3. To fix the remuneration of Directors.
4. To appoint Auditors.
5. To consider and if deemed advisable to ratify and confirm the Resolution passed by the Board of Directors on the 19th day of April, 1972, to authorize the Company to reduce its indebtedness to its parent Company, Canadian Goldale Corporation Limited, by selling to such parent company the 432,198 shares of Ontario Trust Company then held by it all as more particularly specified in the Information Circular attached hereto.
6. To consider and if deemed advisable pass an Ordinary Resolution under Section 150 of the Companies Act to confer general authority to take or acquire any shares in any other company.
7. To transact such other business as is proper at such Meeting or any adjournment thereof.

Members who are unable to attend the Meeting in person are requested to date, sign, and return the enclosed Form of Proxy in the self-addressed envelope provided. An Information Circular accompanies this Notice.

The Board of Directors of the Company has by resolution fixed 43 hours (excluding Saturdays and holidays) preceding the time of the said Meeting or adjourned Meeting as the time before which Forms of Proxy to be used at the Meeting or adjourned Meeting shall be deposited with the Company at its Registered Office.

DATED at Vancouver, British Columbia, the 25th day of May, 1972.

By Order of the Board of Directors,

R. A. C. DOUGLAS,
Secretary.

AETNA-GOLDALE INVESTMENTS LIMITED



INFORMATION CIRCULAR

SOLICITATION OF PROXIES

This Information Circular is furnished in connection with the solicitation by the management of AETNA-GOLDALE INVESTMENTS LIMITED (the Company) of proxies to be used at the Annual General Meeting of the Members of the Company to be held at the time and place and for the purposes set forth in the Notice of Meeting. It is expected that the solicitation will be primarily by mail. Proxies may also be solicited by regular employees of the Company at nominal cost. The cost of solicitation by management will be borne by the Company.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are directors of the Company.

A MEMBER HAS THE RIGHT TO APPOINT A PERSON (WHO NEED NOT BE A MEMBER) TO ATTEND AND ACT FOR HIM AND ON HIS BEHALF AT THE MEETING OTHER THAN THE PERSONS DESIGNATED IN THE ENCLOSED FORM OF PROXY. SUCH RIGHT MAY BE EXERCISED BY STRIKING OUT THE NAMES OF THE PERSONS DESIGNATED IN THE ENCLOSED FORM OF PROXY AND BY INSERTING IN THE BLANK SPACE PROVIDED FOR THAT PURPOSE THE NAME OF THE DESIRED PERSON OR BY COMPLETING ANOTHER PROPER FORM OF PROXY AND IN EITHER CASE DEPOSITING THE COMPLETED AND EXECUTED PROXY AT THE REGISTERED OFFICE OF THE COMPANY, 16TH FLOOR, 409 GRANVILLE STREET, VANCOUVER 2, B.C. NOT LESS THAN 43 HOURS (EXCLUSIVE OF SATURDAYS AND HOLIDAYS) PRECEDING THE TIME OF THE SAID MEETING OR ANY ADJOURNMENT THEREOF.

A member who has given a proxy may revoke it at any time in so far as it has not been exercised. A Proxy may be revoked as to any matter on which a vote shall not already have been cast pursuant to the authority conferred by such Proxy either (1) by signing a Proxy bearing a later date, or (2) by instrument in writing executed by the member or his attorney authorized in writing or if the member is a corporation under its common seal or by an officer or attorney thereof duly authorized. To be effective evidence of revocation must be deposited either at the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof at which the Proxy is to be used or with the Chairman of such Meeting on the day of the Meeting or adjournment thereof.

EXERCISE OF DISCRETION BY PROXIES

THE ENCLOSED FORM OF PROXY CONFERS DISCRETIONARY AUTHORITY UPON THE PERSONS NAMED THEREIN WITH RESPECT TO AMENDMENTS OR VARIATIONS TO THE MATTERS IDENTIFIED IN THE NOTICE OF MEETING, WITH RESPECT TO MATTERS AS TO WHICH A CHOICE IS NOT SO SPECIFIED AND WITH RESPECT TO ANY OTHER MATTERS WHICH MAY PROPERLY COME BEFORE THE MEETING. At the time of printing this circular the management of the Company knows of no such amendments, variations or other matters to come before the meeting other than the matters referred to in the Notice of Meeting.

VOTING SHARES

On May 25th, 1972, 2,492,000 shares with a par value of 50¢ each of the capital stock of the Company were issued and outstanding. The Company has only one class of shares. On a show of hands every member present in person at the meeting shall have one vote and on a poll every such member shall have one vote for each share of which he is the holder. All holders of shares in the capital of the Company will be entitled to notice of and to vote at the said meeting but any such holder desiring to be represented at such meeting by proxy must have

deposited his executed form of proxy at the registered office of the Company, 16th Floor, 409 Granville Street, Vancouver 2, B.C. within the time specified in the attached Note of Annual General Meeting of Members. To the knowledge of the Directors or Senior Officers of the Company, the only person or corporation who or which beneficially owns directly or indirectly equity shares carrying more than 10% of the voting rights attached to all equity shares of the Company is Canadian Goldale Corporation Limited, which Company beneficially owns directly or indirectly approximately 2,326,188 shares representing approximately 93.34% of the outstanding equity shares of the Company.

ELECTION OF DIRECTORS

The Board consists of five Directors. Under the Articles of Association of the Company Directors are elected annually. The persons named in the enclosed form of proxy intend to vote for the election, as Directors, of the nominees whose names are set forth below in Section (1); all of whom are now members of the Board of Directors and have been since the dates indicated and whose terms of office expire at the Annual General Meeting to be held Wednesday, June 28th, 1972.

Management does not contemplate that any of the nominees will be unable to serve as a Director but, if that should occur for any reason prior to the meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. Each Director elected will hold office until the next Annual General Meeting and until his successor is duly elected, unless his office is earlier vacated in accordance with the Articles of Association of the Company.

The following tables and notes thereto state the names of all persons proposed to be nominated for election as Directors. All other positions and offices with the Company now held by them, their principal occupations or employments, the year in which they became Directors of the Company and the approximate number of shares of the Company beneficially owned directly or indirectly by each of them as of May 25th, 1972.

(1) Directors whose Term of Office Expires at the Annual General Meeting to be held Wednesday, June 28th, 1972.

| <u>Name</u> | <u>Position with Company</u> | <u>Present Principal Occupation</u> | <u>Director Since</u> | <u>Shares of Aetna-Goldale Investments Limited Beneficially Owned</u> |
|--------------------|------------------------------------|---|-----------------------|---|
| R. A. C. Douglas | Secretary and Director | Partner in the law firm of Douglas, Symes & Brissenden, Vancouver, British Columbia. | 1961 | 5 |
| P. C. Finlay, Q.C. | Assistant-Secretary and Director | Partner in the law firm of Holden, Murdoch, Walton, Finlay, Robinson, Toronto, Ontario. | 1969 | 5 |
| K. A. Roberts | Chairman of the Board and Director | Physician and Executive, Toronto. | 1969 | 5 |
| C. F. Watson | Vice-President and Director | President of Canadian Goldale Corporation Limited and President of Peel-Elder Limited. | 1971 | 100 |
| Burton Winberg | Director | President of Rockport Holdings Limited, Building Contractors, Toronto. | 1965 | 5 |

C. F. Watson has been President of PEEL VILLAGE DEVELOPMENTS CO. LIMITED for the last five years; President of PEEL-ELDER LIMITED since May 28, 1969; and President of CANADIAN GOLDALE CORPORATION LIMITED since June 3, 1970. Each of the other nominees has held the principal occupation indicated for at least five years.

P. C. Finlay, K. A. Roberts, C. F. Watson and Burton Winberg are also Directors of Canadian Goldale Corporation Limited, which holds 2,326,188 shares or 93.34% of the issued shares of the Company. The number of shares of CANADIAN GOLDALE CORPORATION LIMITED beneficially owned by the aforesaid Directors of the Company are as follows: P. C. Finlay - 39,559; K. A. Roberts - 1,501; C. F. Watson - 3,000; Burton Winberg - 26,750.

SALE OF SHARES OF ONTARIO TRUST COMPANY

At the Annual General Meeting the members of the Company will be asked to consider and if deemed advisable to ratify and confirm the resolution passed by the Directors of the Company on the 19th day of April, 1972, for the purpose of reducing the Company's indebtedness to its parent Company, Canadian Goldale Corporation Limited, by selling to said parent Company the 432,198 common shares with a par value of \$5.00 each of Ontario Trust Company then owned by this Company at a price of \$9.00 per share, the aggregate consideration payable to the Company of \$3,899,782.00 to be paid by reducing the indebtedness of this Company to Canadian Goldale Corporation Limited by such amount.

The 432,198 common shares of Ontario Trust Company which were held by this Company on April 19th, 1972, represented approximately 28.74% of all issued and outstanding shares of the said Company as of that date. As the shares of Ontario Trust Company represent a substantial part of the undertaking of this Company and because a majority of the Directors of this Company are Directors of the purchasing Company, Canadian Goldale Corporation Limited, it is desirable that the said resolution passed by the Directors on April 19th, 1972, be ratified and confirmed by the members of this Company at the forthcoming Annual General Meeting of Members.

REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

(1) The aggregate direct remuneration paid or payable by the Company in its fiscal period ended December 31, 1971, to the Directors and Senior Officers of the Company \$ Nil

(2) Estimated aggregate cost to the Company in its fiscal period ended December 31, 1971, of all pension or retirement benefits to be paid to the Directors and Senior Officers of the Company under any existing plans in the event of retirement at normal retirement age \$ Nil

APPOINTMENT OF AUDITORS

The persons named in the enclosed form of proxy intend to vote for the appointment of Collins, Love, Eddis, Valiquette & Barrow, Chartered Accountants, to hold office until the next Annual General Meeting of Shareholders. Collins, Love, Eddis, Valiquette & Barrow have been Auditors of the Company since September 30, 1969.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The Company has completed certain joint ventures with Rockport Holdings Limited for the construction of condominium townhouse units in the Borough of Etobicoke in the Municipality of Metropolitan Toronto, and in the Malton Area in the Town of Mississauga, and have divided the net profits from same equally. At the present time the Company and Rockport Holdings Limited are jointly developing 7.2 acres in the Town of Burlington for the construction of 115 condominium townhouse units. The Company is supplying the entire financing for this project and will receive 75% of the net profits, and Rockport Holdings Limited will receive the remaining 25% of the net profits.

Burton Winberg, a Director of the Company, is also President of Rockport Holdings Limited and is the beneficial owner of 50% of the issued and outstanding shares of Rockport Holdings Limited.

OTHER BUSINESS

At the Meeting the general authority to take or acquire by purchase or otherwise any shares in any other company which was conferred by an ordinary resolution passed at the Extraordinary General Meeting held July 29, 1971, will expire unless it is continued by an Ordinary Resolution passed at the Meeting. An Ordinary Resolution to continue such general authority will be submitted to the Meeting for approval.

GENERAL

The information contained herein is given as of May 25th, 1972. The management of the Company knows of no other matter to come before the said Meeting other than the matters referred to in the Notice of the said Meeting. However, if any other matters which are not now known to the management of the Company should properly come before the said Meeting Forms of Proxy given pursuant to this solicitation by the management of the Company will be voted on such matters in accordance with the best judgment of the person voting the Proxy. Upon application made by management the Registrar of Companies of the Province of British Columbia has designated the City of Toronto as the place at which the said Meeting is to be held.

AETNA-GOLDALE INVESTMENTS LIMITED AND ITS SUBSIDIARY
CONSOLIDATED INCOME STATEMENT

For The Six Months Ended June 30th, 1972
(Unaudited)

| GROSS REVENUE | 1972 | 1971 (Re-stated) |
|--|---------------------|---------------------|
| Rentals | \$ 614,934 | \$ 593,635 |
| Land sales | — | 227,177 |
| Townhouse sales | 575,000 | 1,068,750 |
| Investment income | 89,180 | 146,523 |
| Equity in income of affiliated company | 36,420 | 78,191 |
| | <u>\$1,315,534</u> | <u>\$2,114,276</u> |
| NET OPERATING INCOME | | |
| Net rental income before depreciation | \$ 161,858 | \$ 148,678 |
| Profit on land sales | — | 123,745 |
| Profit on townhouse sales | 49,332 | 125,900 |
| Investment income | 89,180 | 146,523 |
| Equity in income of affiliated company | 36,420 | 78,191 |
| | <u>336,790</u> | <u>623,037</u> |
| Administrative and general expenses | 104,448 | 160,119 |
| Interest expense | 164,361 | 57,532 |
| Depreciation | 33,207 | 30,900 |
| | <u>302,016</u> | <u>248,551</u> |
| | 34,774 | 374,486 |
| Write-off on termination of agreement with developer of Forest Hills project | — | 186,854 |
| Income before income taxes and extraordinary item | 34,774 | 187,632 |
| Income taxes | | |
| Current | — | 73,000 |
| Deferred | 29,000 | 100,000 |
| | <u>29,000</u> | <u>173,000</u> |
| Net income before extraordinary item | 5,774 | 14,632 |
| Loss on sale of investment | (276,934) | — |
| Income tax reduction realized on carry forward of losses from prior years | — | 60,500 |
| Net income/(loss) for the period | <u>\$ (271,160)</u> | <u>\$ 75,132</u> |

AETNA-GOLDALE INVESTMENTS LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF SOURCE AND USE OF FUNDS

For The Six Months Ended June 30th, 1972

| SOURCE OF FUNDS | <u>1972</u> | <u>1971</u> (Re-stated) |
|---|--------------------|----------------------------|
| Current operations | | |
| Net income/(loss) for the period | \$ (271,160) | \$ 75,132 |
| Non-cash items | | |
| Depreciation | 33,207 | 30,900 |
| Deferred income taxes | 29,000 | 100,000 |
| Other | 240,515 | 108,663 |
| | 31,562 | 314,695 |
| Decrease in accounts receivable | 58,946 | 556,809 |
| Mortgage receivable collections | 39,942 | 139,054 |
| Proceeds from sale of investment | 3,889,782 | — |
| Increase in bank indebtedness | 107,601 | 424,645 |
| Decrease in investment in joint realty developments | — | 374,100 |
| | <u>\$4,127,833</u> | <u>\$1,809,303</u> |
| USE OF FUNDS | | |
| Purchase of land held for development | \$ 255,000 | — |
| Additions in income producing property | 23,436 | 68,179 |
| Decrease in accounts payable | 47,292 | 814,932 |
| Repayments of mortgage principal | 30,459 | 32,326 |
| Reduction of notes payable | 250,000 | 200,000 |
| Decrease in advances from parent company | 3,520,981 | 480,896 |
| Investment in affiliated company | — | 39,509 |
| Decrease in income taxes payable | — | 166,316 |
| Net change in other assets and liabilities | 665 | 7,145 |
| | <u>\$4,127,833</u> | <u>\$1,809,303</u> |

AETNA-GOLDALE INVESTMENTS LIMITED

STATEMENT OF EARNINGS

For the Six Months Ended June 30, 1973

(with Comparative Figures for 1972)

(Unaudited)

| | <u>1973</u> | <u>1972</u> (Re-stated) |
|--|------------------|----------------------------|
| Operating Income | \$ 93,000 | \$ 119,000 |
| Equity in income of former subsidiary and affiliated companies | <u>—</u> | <u>65,000</u> |
| Gross revenue | <u>93,000</u> | <u>184,000</u> |
| General and administrative expense | <u>3,000</u> | <u>42,000</u> |
| Interest expense | <u>1,000</u> | <u>137,000</u> |
| | <u>4,000</u> | <u>179,000</u> |
| Earnings before income taxes and extraordinary item | 89,000 | 5,000 |
| Income taxes – current | <u>43,000</u> | <u>—</u> |
| Earnings before extraordinary item | 46,000 | 5,000 |
| Loss on sale of affiliated company | <u>—</u> | <u>276,000</u> |
| Earnings (loss) for the period | <u>\$ 46,000</u> | <u>\$ (271,000)</u> |
| Earnings per share: | | |
| Earnings before extraordinary items | 2¢ | — |
| Extraordinary items | <u>—</u> | <u>(11¢)</u> |
| Earnings for the period | <u>2¢</u> | <u>(11¢)</u> |

NOTE: 1972 figures have been restated because of the sale during the year of the company's investment in its wholly owned subsidiary, Millmink Developments Limited, and its affiliated company, Ontario Trust Company.

AETNA-GOLDALE INVESTMENTS LIMITED
STATEMENT OF CHANGES IN FINANCIAL POSITION

For the Six Months Ended June 30, 1973
(with Comparative Figures for 1972)
(Unaudited)

| | <u>1973</u> | <u>1972</u> (Re-stated) |
|---|--------------------|----------------------------|
| Source of Funds: | | |
| Contribution of interest and other income | \$ 93,000 | \$ 119,000 |
| Decrease in mortgages and notes receivable | 624,000 | 4,000 |
| Decrease (increase) in joint realty developments | 54,000 | (38,000) |
| Decrease (increase) in real estate held for development | 1,601,000 | (43,000) |
| Proceeds on sale of affiliated company | <u>—</u> | <u>3,885,000</u> |
| | <u>\$2,372,000</u> | <u>\$3,927,000</u> |
| Use of Funds: | | |
| Operating expenses | \$ 4,000 | \$ 179,000 |
| Increase (decrease) in bank deposit receipts (net) | 445,000 | (90,000) |
| Repayment of advances from parent company | 19,000 | 3,515,000 |
| Decrease in balance due under purchase agreement | 1,382,000 | 7,000 |
| Decrease in income taxes payable | 381,000 | — |
| Increase (decrease) in accounts receivable | 10,000 | (3,000) |
| Decrease in accounts payable | 131,000 | 69,000 |
| Reduction in notes payable | <u>—</u> | <u>250,000</u> |
| | <u>\$2,372,000</u> | <u>\$3,927,000</u> |

Aetna-Goldale Investments Limited

TO THE SHAREHOLDERS:

I am pleased to enclose the 39th Annual Report of the Company for the year ended December 31, 1972.

At the general meeting of the shareholders of your Company held August 23, 1972, the sale of its wholly-owned subsidiary, Millmink Developments Limited, to Peel Village Developments Co. Limited, was ratified. The gain on this sale totalled approximately \$1,300,000 after taking into account a cash dividend of \$1,400,000 paid by Millmink to your Company immediately prior to the closing of this transaction. Your Company's earnings for the year (including this extraordinary item) totalled \$766,719 or 31c per share.

Subsequent to the year end, your Company sold Peel Village all its interest in its properties under construction at Malton in consideration of the assumption by Peel Village of your Company's net liabilities in connection with this development (\$860,700) and cash (\$739,700).

The Company paid off its substantial short term debt and removed itself from direct involvement in real estate development in which it had for several years relied upon the management of projects by the Peel-Elder group.

Your Company is now in a strong liquid position, and has the ability to seek out and participate in new investment ventures.

On behalf of the Board

K. A. ROBERTS
President

Aetna-Goldale Investments Limited

(Incorporated under the laws of British Columbia)

BALANCE SHEET

DECEMBER 31, 1972

(with comparative figures at December 31, 1971)

| | 1972 | 1971 (note 1) |
|--|---------------------|---------------------|
| ASSETS | | |
| Bank deposit receipt | \$ 2,000,000 | |
| Accrued interest and sundry receivables | 40,822 | \$ 7,065 |
| Investment in subsidiary company (note 1) | — | 8,135,436 |
| Investment in associated company (note 2) | — | 4,125,961 |
| Mortgages and note receivable (note 3) | 1,564,365 | 621,446 |
| Real estate: | | |
| Investment in joint realty developments (note 4) | 778,221 | 1,037,305 |
| Townhouses under construction, at cost | 549,754 | — |
| Real estate held for development and sale, at cost | 1,050,685 | 1,025,530 |
| | <u>\$ 5,983,847</u> | <u>\$14,952,743</u> |

LIABILITIES AND SHAREHOLDERS' EQUITY

| | | |
|--|---------------------|---------------------|
| Liabilities: | | |
| Bank indebtedness | \$ 160,600 | \$ 405,605 |
| Accounts payable and accrued expenses | 149,871 | 107,198 |
| Income taxes payable (note 5) | 458,000 | 458,000 |
| Balance due under purchase agreement (note 6) | 1,382,002 | 1,399,062 |
| Advances from parent company | 18,777 | 5,735,000 |
| Note payable to former owners of subsidiary (note 1) | — | 3,800,000 |
| | <u>2,169,250</u> | <u>11,904,865</u> |
| Shareholders' equity: | | |
| Capital stock — | | |
| Authorized: | | |
| 3,500,000 common shares of 50c par value each | | |
| Issued: | | |
| 2,492,000 common shares | 1,246,000 | 1,246,000 |
| Contributed surplus | 648,301 | 648,301 |
| Retained earnings | 1,920,296 | 1,153,577 |
| | <u>3,814,597</u> | <u>3,047,878</u> |
| | <u>\$ 5,983,847</u> | <u>\$14,952,743</u> |

On behalf of the Board:

K. A. ROBERTS, Director

J. B. L. THOMAS, Director

(See accompanying notes to financial statements)

Aetna-Goldale Investments Limited

STATEMENT OF EARNINGS FOR THE YEAR ENDED DECEMBER 31, 1972 (with comparative figures for 1971)

| | 1972 | 1971 (note 1) |
|---|-------------------|-------------------|
| Income: | | |
| Equity in earnings (losses) of — | | |
| Former subsidiary (note 1) | \$ 53,048 | \$ (205,930) |
| Associated company | 36,000 | 259,862 |
| Joint realty developments | (259,084) | 230,384 |
| Interest and other income | 160,500 | 30,326 |
| | <u>(9,536)</u> | <u>314,642</u> |
| Expenses: | | |
| General and administrative | 53,042 | 45,026 |
| Interest | 197,718 | 148,843 |
| | <u>250,760</u> | <u>193,869</u> |
| Earnings (loss) before income taxes and extraordinary items | (260,296) | 120,773 |
| Income taxes (note 7) | <u>—</u> | <u>96,500</u> |
| Earnings (loss) before extraordinary items | (260,296) | 24,273 |
| Extraordinary items: | | |
| Gain on sale of subsidiary (\$1,303,528) less loss on sale of associated company (notes 1 and 2) | 1,027,015 | — |
| Income tax reduction resulting from carry-forward of losses of a prior year | <u>—</u> | <u>96,500</u> |
| Earnings for the year | <u>\$ 766,719</u> | <u>\$ 120,773</u> |
| Earnings per share: | | |
| Earnings (loss) before extraordinary items | (12c) | 1c |
| Extraordinary items | <u>43</u> | <u>4</u> |
| Earnings for the year | <u>31c</u> | <u>5c</u> |

(See accompanying notes to financial statements)

Aetna-Goldale Investments Limited

STATEMENT OF RETAINED EARNINGS FOR THE YEAR ENDED DECEMBER 31, 1972 (with comparative figures for 1971)

| | <u>1972</u> | <u>1971</u> (note 1) |
|--|---------------------|-------------------------|
| Retained earnings, beginning of year: | | |
| As previously reported | \$ 1,611,577 | \$ 1,490,804 |
| Adjustment of prior years' income taxes to reflect additional provisions recorded in 1972 (note 5) | 458,000 | 458,000 |
| As restated | 1,153,577 | 1,032,804 |
| Earnings for the year | 766,719 | 120,773 |
| Retained earnings, end of year | <u>\$ 1,920,296</u> | <u>\$ 1,153,577</u> |

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED DECEMBER 31, 1972 (with comparative figures for 1971)

| | <u>1972</u> | <u>1971</u> (note 1) |
|--|---------------------|-------------------------|
| Source of funds: | | |
| Contribution of interest and other income | \$ 160,500 | \$ 30,326 |
| Dividend from former subsidiary | 1,400,000 | — |
| Proceeds on sale of former subsidiary (net) | 8,092,012 | — |
| Proceeds on sale of associated company | 3,885,448 | — |
| Increase in accounts payable | 42,673 | 68,426 |
| Decrease in joint realty development | — | 525,643 |
| | <u>\$13,580,633</u> | <u>\$ 624,395</u> |
| Uses of funds: | | |
| Operating expenses including income taxes | \$ 250,760 | \$ 290,369 |
| Deduct changes not requiring an outlay of funds — | | |
| Income taxes | — | 96,500 |
| | 250,760 | 193,869 |
| Townhouses under construction | 549,754 | — |
| Increase in bank deposit receipts (net) | 2,245,005 | (386,903) |
| Increase in mortgages and notes receivable (net) | 942,919 | 621,446 |
| Increase in investment in associated company | — | 85,801 |
| Increase in real estate held for development | 25,155 | 84,406 |
| Repayment of advances from parent | 5,716,223 | 450,000 |
| Reduction in notes payable | 3,800,000 | 200,000 |
| Increase (decrease) in accounts receivable | 33,757 | (18,102) |
| Decrease in balance due under purchase agreement | 17,060 | (606,122) |
| | <u>\$13,580,633</u> | <u>\$ 624,395</u> |

(See accompanying notes to financial statements)

Aetna-Goldale Investments Limited

AUDITORS' REPORT

To the Shareholders of
Aetna-Goldale Investments Limited:

We have examined the balance sheet of Aetna-Goldale Investments Limited as at December 31, 1972 and the statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the Company as at December 31, 1972, and the results of its operations and the changes in its financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the restatement described in note 1 to the financial statements.

The financial statements for the previous year, before the restatements as described in notes 1 and 5, were examined by other Chartered Accountants.

Toronto, Canada,
March 16, 1973.

CLARKSON GORDON & CO.
Chartered Accountants

Aetna-Goldale Investments Limited

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1972

1. Sale of Subsidiary and Restatement of 1971 Figures

Effective September, 1972, the Company sold its investment in shares of the wholly-owned subsidiary, Millmink Developments Limited, to a subsidiary of Peel-Elder Limited for a total consideration of \$8,100,000, immediately after a cash dividend of \$1,400,000 had been paid by Millmink to the Company. The consideration consisted of:

| | |
|--|--------------------|
| Cash | \$3,600,000 |
| 8% note, payable over 5 years | 950,000 |
| Assumption by purchaser of the remaining amount owing on the \$6,000,000 note payable on the former owners of Millmink | 3,550,000 |
| | <u>\$8,100,000</u> |

The gain on the sale of Millmink totalled \$1,303,528 after taking into account receipt of the aforementioned cash dividend. This gain is included as an extraordinary item in the accompanying statement of earnings.

The accounts of Millmink were previously consolidated with those of the Company. In view of the sale, however, and in order to provide comparative figures, the accompanying financial statements for the 1971 year have been restated to eliminate the accounts of Millmink from consolidation and to reflect the Company's investment in that former subsidiary on the equity basis of accounting. This restatement has had no effect on previously reported earnings.

2. Sale of Investment in Associated Company

On April 19, 1972, the Company sold its investment in 432,198 shares of the associated company, Ontario Trust Company, to its parent, Hambro Canada (1972) Limited (formerly Canadian Goldale Corporation Limited). The total consideration of \$3,889,782 was applied in reduction of the Company's indebtedness to its parent.

The Company carried its investment in the associated company on the equity basis of accounting and on the sale a loss of \$276,513 resulted. This loss is shown as an extraordinary item in the accompanying statement of earnings.

3. Mortgages and Note Receivable

| | <u>1972</u> | <u>1971</u> |
|--|---------------------|-------------------|
| Mortgages | \$ 614,365 | \$ 621,446 |
| 8% note, payable over 5 years (see note 1) | 950,000 | — |
| | <u>\$ 1,564,365</u> | <u>\$ 621,446</u> |

The mortgages bear interest at 8-7/8% and are due at various dates to 1999, including \$18,906 in 1973.

Aetna-Goldale Investments Limited

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1972

4. Investment in Joint Realty Developments

The Company is a participant in three realty developments — Cloisters Malton (50%), Cloisters Albion (50%) and Brant Hills Developments (75%). The Company carries its investment in these developments on the equity basis of accounting.

At December 31, 1972 the three developments had total assets of \$1,472,375 and total liabilities of \$187,958 (\$5,769,000 and \$3,009,000 respectively at December 31, 1971).

5. Income Taxes

During 1972, the Company was assessed additional income taxes and interest thereon in the total amount of \$458,000 with respect to certain gains realized in years prior to 1971. Although the Company intends to oppose this assessment, full provision has been made for the amount thereof. This provision is reflected in the accompanying financial statements as an adjustment of prior periods earnings with the result that retained earnings at the beginning and end of the year have been reduced by \$458,000 from the amounts previously reported.

6. Balance Due Under Purchase Agreement

The balance owing under the agreement to purchase bears interest at 8-3/4% and is payable in blended monthly payments of principal and interest of \$11,413 to August 1, 1996.

7. Losses Available for Carry-Forward

Losses aggregating approximately \$210,000, incurred principally in the 1972 fiscal year, are available to be applied against such income as may arise in future years, and would otherwise be taxable, subject to certain restrictions imposed by the Income Tax Act.

8. Remuneration of Directors and Senior Officers

No direct remuneration was paid by the Company to any director or senior officer during the 1972 year.

9. Subsequent Events

On January 1, 1973 the Company sold its townhouses under construction, its real estate held for development and certain other related net assets at net book values resulting in neither gain nor loss. The consideration received on the sale included the assumption by the purchaser (a wholly-owned subsidiary of Peel-Elder Limited) of all related indebtedness.

The effect of these transactions on the assets and liabilities shown in the accompanying balance sheet at December 31, 1972 was as follows:

Asset reductions:

| | |
|---|------------------|
| Accrued interest and sundry receivables | \$ 11,412 |
| Mortgages and note receivable | 614,365 |
| Townhouses under construction | 549,754 |
| Real estate held for development and sale | 1,050,685 |
| | <u>2,226,216</u> |

Liabilities reduction:

| | |
|---|------------------|
| Accounts payable and accrued expenses | 104,477 |
| Balance due under purchase agreement | 1,382,002 |
| | <u>1,486,479</u> |

| | |
|--|-------------------|
| Cash consideration on sale of real estate and related net assets | <u>\$ 739,737</u> |
|--|-------------------|

